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AUTHOR Shonka, Molly; Bergman, Terri
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ABSTRACT

States that are successfully integrating three development programs--economic, work force, and technology--are focusing on the results as the first step in the process and have an easier time developing, monitoring, and improving their strategies. To structure their integration efforts around results, states need to begin with a vision of a preferred future and then work backward to define outcomes, develop strategies, and adjust budgets to lead to the desired results. In a results-oriented system, states need to adopt one or more of three types of integration strategies--policy, administrative, or case--to achieve the broad goals they set. A results orientation provides states with a clear and relevant yardstick for measuring program success and a basis for adjusting delivery strategies to improve program effectiveness. Several economic and political forces are currently converging to support efforts at integration: the rise of the global marketplace, increased competition, and citizens who are looking for improved outcomes and processes--a more efficient government. Bringing about integration requires stakeholders to relinquish control, enter partnerships, and take risks. Service providers can play a role in promoting implementation of integration strategies at the delivery level, by encouraging the adoption of integration strategies at the policy level, and by becoming active participants in the adoption of integration strategies. (YLB)

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NATIONAL WORKFORCE ASSISTANCE COLLABORATIVE

BUSINESS ASSISTANCE NOTE #2

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# Integrating State Development Efforts:

## An Agenda for Service Providers

Many states that want to grow their economies and advance the well-being of their citizens are beginning to integrate, or at least coordinate their economic, workforce, and technology development efforts. These states recognize that, while the three development strategies have value in and of themselves, they are also mutually reinforcing – each can be more effective when linked with the others.

Economic development programs to attract and support businesses are well complemented by workforce development programs that prepare people to work in new businesses and upgrade current workers' skills in existing businesses, and technology development programs that help the businesses build market share. Workforce development programs need jobs, specifically those in competitive enterprises, if they are to succeed in their mission of moving people into self-sustaining positions. Technology development efforts may be most valuable when they're targeted at growth industries a state is actively trying to recruit and sustain; and all technology deployment efforts must be matched with training efforts preparing individuals to use the new technologies most effectively.

States that are successfully integrating the three development programs – economic, workforce, and technology – are focusing on results. They are creating a vision of the economy they want to develop, and then building a comprehensive strategy that will bring the vision to fruition. They are also giving their various program chiefs joint accountability for producing the broad results envisioned, rather than individual accountability for any narrow results that could be achieved through the separate programs.

Economic, workforce, and technology development service providers need to be aware of the directions being taken by progressive states, and become involved in promoting and facilitating the implementation of these changes in their own states. This *Business Assistance Note* will show that:

- A focus on results is the most effective structure for developing an integration strategy;
- Today's economic and political climate is ripe for integrating development programs; and
- Providers can play a key role in helping states succeed at integrating their development efforts.

This *Business Assistance Note* was developed from a National Governors' Association *Issue Brief* "Integrating State Development Systems Based on Results." The NGA brief stemmed from a November 1995 NGA seminar "Competitive Firms, Skilled Workers," funded by the Manufacturing Extension Partnership of the U.S. Department of Commerce and the U.S. Department of Labor, in partnership with the National Workforce Assistance Collaborative. Copies of the NGA issue brief and a summary of the seminar can be obtained from the National Governors' Association by contacting Jay Kayne: phone 202/624-5392, fax 202/624-5313, or e-mail jkayne@nga.org.

## Focus on Results

States that make a focus on results the first step in their integration process should have an easier time developing, and then monitoring and improving their strategies. To structure their integration efforts around results, states will need to begin with a vision of a preferred future and then work backward to define outcomes, develop strategies, and adjust budgets in ways that will lead to the desired results.

In the past, government programs were organized around narrowly defined problems or populations, and program success was calculated by input or partial outcome measures. Economic development programs were charged with bringing new businesses into the state, and were evaluated on the number of businesses or jobs they attracted.

### Key Elements of a Results-Oriented System

- ✔ Vision
- ✔ Policy results
- ✔ Benchmarks
- ✔ Baseline data
- ✔ Performance measures
- ✔ Performance standards
- ✔ Shared accountability systems
- ✔ Continuous quality improvement process

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Workforce development efforts were designed to place people into jobs or upgrade current workers' skills, and were evaluated on the number of individuals served and situated. Technology deployment efforts were developed to increase companies' use of state-of-the-art or state-of-the-market technologies, and were evaluated on the number of contacts made and companies upgraded.

A focus on results, however, would do away with narrowly defined program goals and replace them with a broad vision of a preferred future for the state. This vision might, for example, encompass a fully employed workforce of highly skilled individuals, employed in high-paying, cutting-edge jobs, in the most advanced and innovative companies and industries in the nation. Such a vision would provide states with a framework for constructing integrated program delivery strategies that cut across existing categorical programs. It would require that economic, workforce, and technology development efforts join together to target *specific* industries for development, attracting companies in those industries to the state, and enhancing the competitiveness of the new and of resident firms in those industries by improving their use of technology and providing education and training programs that improve their employees' productivity (and the employees' wages).

Such integration can occur at three different levels:

- **Policy:** Setting corresponding missions and goals for various development programs and ensuring that data on clients, services, and costs, as well as quality assurance systems are comparable across programs.
- **Administrative:** Developing and implementing agreements that define the roles and responsibilities of each program, and the procedures each will follow in implementing the agreements. Administrative integration involves common contracting procedures, joint intake and assessment systems, colocation of suppliers, client referral agreements, and information sharing.
- **Case:** Developing, implementing, and monitoring comprehensive plans, across development programs, for *each client* – business or individual.

In a results-oriented system, states would need to adopt one or more of these types of integration strategies to achieve the broad goals they set, because no individual program could achieve these broad goals on its own. *Which* strategy or strategies would work best in a state would depend on its existing systems and policy objectives.

Existing and planned initiatives in Colorado, North Carolina, Tennessee, and Virginia provide examples of results-oriented policy coordination. These four states have developed or proposed increased policy linkages based on development goals shared across systems. Colorado, North Carolina, and Virginia have existing policy boards that bring together economic, workforce, and technology advisors. Tennessee has a new public/private partnership that works across systems and sectors.

Indiana, Massachusetts, and South Dakota are coordinating administrative functions through initiatives such as one-stop career centers. These centers may share personnel and equipment, and use common administrative procedures to increase customer access to services, reduce costs, and achieve common goals. In addition, some of the centers may coordinate their case management assistance to individuals or businesses.

Finally, efforts in Kansas, Massachusetts, Rhode Island, and West Virginia exemplify case coordination. In Rhode Island, new account management executives will provide businesses with a single point of contact and coordinate assistance to them. Kansas and Massachusetts work with individual firms by pulling together packages of services according to their needs. West Virginia is considering a strategy to enable businesses to access both business and workforce development services at one-stop service centers.

The benefits of a focus on results extend beyond initial program design. A results orientation provides states with a clear and relevant yardstick for mea-

## Kansas

The Kansas Technology Corporation (KTEC), a quasi-public corporation, is part of the state's economic development effort to improve the ability of Kansas firms to access technology and technical assistance. Since its inception in 1987, KTEC has integrated technology development with economic and workforce investments at every stage of the product life cycle. KTEC finances five university-based Centers of Excellence for basic and applied research, workforce development, and technology transfer; provides seed capital for emerging technology-based industry; awards matching grants for federal programs; offers technical information and referral services; furnishes on-line economic development information and services (http://kicin.cecase.ukans.edu/); and funds three innovation and commercialization corporations and six affiliates to promote the movement of products to the marketplace.

## Tennessee

Tennessee has been actively pursuing a new model of systemic integration by fundamentally restructuring the public/private relationship. Tennessee Tomorrow, Inc., (TTI) is the vehicle through which the state and the private sector are systemically integrating public and private sector initiatives, resources, and expertise for joint efforts where integration can strengthen the economy and benefit both sectors. Existing public/private initiatives include classroom modernization and Internet access, the Tennessee Manufacturing Extension Program, and a review of state government.

suring program success, as well as a basis for adjusting their delivery strategies to improve program effectiveness. It also enables them to provide feedback to citizens on whether programs are making progress in achieving their desired outcomes.

## Environment For Integration

Bringing about integration is not easy. Years of administering categorical programs and competing for scarce resources can result in entrenched government bureaucracies and constituencies. Certain stakeholders may resist change, even if they are likely to benefit from it. Bureaucratic inertia, inflexible regulations, concerns about politics and shifts in policy priorities, a pace of change that is too fast or too slow, personality conflicts, and nay sayers can all undermine integration. In addition, politicians might not *want* a focus on results, since failing to meet any goals they set can spell political disaster.

A number of economic and political forces, however, are currently converging to support efforts at integration. On the economic front, the rise of the global marketplace and increased international competition have forced companies to restructure their organizations and reengineer their processes in order to improve their productivity and remain viable. These restructuring and reengineering ventures call for coordinated efforts at upgrading companies' technologies and the skills of their workforces.

On the political front, citizens are demanding more of government. They are looking for improved *outcomes* – a more *effective* government, responsive to community needs and priorities, and accountable for results. And they are looking for improved *processes* – a more *efficient* government, requiring less money, and providing a customer-service approach to program delivery.

Integrated economic, workforce, and technology development programs can meet these political outcome and process demands. The programs can satisfy citizens' calls for creating and retaining competitive businesses and quality jobs, enhancing workers' skills, and increasing individuals' self-sufficiency. And *integrating* the programs can reduce duplication of effort (and reduce costs), and ensure that the focus is placed on meeting client needs, rather than program requirements.

The interest at the federal level of combining programs into block grants or providing states with waivers to federal program regulations should also facilitate integration. Both block grants and waivers will provide states with more flexibility in how they design and deliver programs, in exchange for stipulations that states be more accountable for results. The flexibility should *enable* states to be more creative and integrate programs, while the accountability might well *require* the creativity and program integration.

Block grants, unlike waivers will have their downside: they are likely to come with significantly less money than was available in the past, without any concomitant reductions in expectations. Therefore, with block grants, the need to improve program efficiency will be stronger than ever.

## Bringing About Integration

Bringing about integration will require stakeholders to relinquish control, enter partnerships, and take risks. Governors and state legislative leaders may have to take a leadership role, articulate clear objectives, and provide incentives for making changes. Stakeholders – program chiefs and service providers, as well as service recipients – must be involved *as real partners* in planning and implementation. The management structure must be reconfigured to ensure accountability for the newly-defined, broad-based results. And early, tangible successes must be achieved and celebrated to keep up any momentum.

Providers' futures are closely linked to integration policies adopted at the state level. The change in the marketplace and in clients' needs and expectations will require providers to take a more holistic approach to service delivery. Proposed changes in funding streams may put them out of business if they cannot be part of a more comprehensive delivery strategy. Service providers need to be pro-active in integrating economic, workforce, and technology development efforts.

Service providers working at the delivery level are frequently more aware of the need for integration than are program chiefs working at the policy level. Economic, workforce, and technology development service providers can use this knowledge and play a role in promoting and facilitating the implementation of integration strategies in their own states:

- ✔ Service providers can work, at the delivery level, with other service providers to coordinate and integrate their own activities. They can identify their state's existing eco-

### Strategic Integration Tactics

- ✓ Use block grants
- ✓ Use a results-onented framework
- ✓ Tailor integration to specific state conditions
- ✓ Know existing economic, workforce, and technology resources
- ✓ Focus on key transitions in the workforce or businesses
- ✓ Include technology deployment resources

### Process Integration Tactics

- ✓ Establish a process for collaboration
- ✓ Involve key stakeholders early in the process
- ✓ Adapt the process to private sector expectations
- ✓ Make a long-term commitment
- ✓ Expect changes in leadership to slow momentum

nomic development, workforce development, and technology deployment programs, determine whether there are any existing policies or structures for promoting integration among them, and take advantage of what is already available.

- ✔ Service providers can look for opportunities to encourage the development and adoption of integration strategies at the policy level. They should determine who the key players are and find occasions for using the knowledge they've gained through local-level integration efforts to influence decisions farther up the chain of command. They can search out forums for expressing their views to state policy leaders (administrative and legislative), including letters, informal meetings, testimony, and publications in relevant newsletters.
- ✔ Service providers can become active participants in the adoption of integration strategies. Service providers are among the key stakeholders in the system who have to be involved in planning and implementation. Once a process for developing an integrated strategy is established, service providers need to provide input into that process and participate in the committees that will be shaping the state strategy.

Integrating economic, workforce, and technology development efforts will greatly improve providers' ability to deliver quality services to their clients, as well as improve program results. Those that are familiar with integration will be best prepared to take advantage of any policies states develop. Those that involve themselves in state-level discussions on integration will be best able to ensure that the new system creates appropriate opportunities for service providers.

## Further information on the issues presented in this note can be obtained from:


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*– Molly Shonka and Terri Bergman, 1996*

## State Contacts

**Colorado:** Greg Diamond, Governor's Office of Business Development, 303/892-3726
**Indiana:** Nina White, Indiana Department of Workforce Development, 317/232-7381
**Kansas:** Richard Bendis, Kansas Technology Corporation, 913/296-5272
**Massachusetts:** Barbara Baran, BSSC/ISP, 617/727-8158 x313
**North Carolina:** Jane Smith Patterson, Governor's Office, 919/715-4382
**Rhode Island:** Dennis L. Bouchard, Rhode Island Human Resource Investment Council, 401/277-6700
**South Dakota:** Bonnie Bjork, Governor's Office, 605/773-5032
**Tennessee:** Brian Krumm, Tennessee Department of Employment Security, 615/741-2131
**Virginia:** Mark Kilduff, Virginia Economic Development Partnership, 804/371-8108
**West Virginia:** Will Carter, Governor's Office, 304/558-2000

*The **National Workforce Assistance Collaborative** builds the capacity of the service providers working with small and mid-sized companies in order to help businesses adopt high-performance work practices, become more competitive, and ultimately advance the well-being of their employees. The Collaborative was created with a $650,000 cooperative agreement grant from the **Department of Labor** to the **National Alliance of Business**. Current partners on the project include the Council for Adult and Experiential Learning, the Institute for the Study of Adult Literacy at The Pennsylvania State University, the Maryland Center for Quality and Productivity, and the National Labor-Management Association. The Collaborative provides assistance in four areas: employee training, labor-management relations, work restructuring, and workplace literacy. For more information, contact Karen Randall at the National Alliance of Business at 800/787-2848.*